

9636 Ann Street • Santa Fe Springs, California 90670  
Phone: (562) 946-5525 • Fax: (562) 946-5922

November 8, 2004

Mr. Frederick Schauffler  
Chief Site Cleanup Section Four  
Superfund Division  
United States Environmental Protection Agency  
Region IX  
75 Hawthorne Street  
San Francisco, CA 94105

**Re:    *Response to Request for Information, Omega Superfund Site, Whittier, CA***

Dear Mr. Schauffler:

This letter is in response to your letter dated October 27, 2004 regarding the relationship between Associated Plating Company, Inc. and Specific Plating Company, Inc.

Response to Enclosure B: Questions

1. In March 2002, Associated Plating Company, Inc. ("APC") entered into a License Agreement with Specific Plating Company, Inc. ("Specific") whereby APC licensed Specific's name. In no way did APC purchase any assets or assume any liabilities of Specific.
2. Enclosed you will find copies of the License Agreement and Indemnification Agreement entered into by APC and Specific. You will note that APC very clearly did not purchase any assets or assume any liabilities of Specific. APC received an Indemnification Agreement from Specific to clarify this issue.
3. APC has not purchased any assets or assumed any liabilities of Specific.
4. APC has not explicitly nor impliedly assumed any environmental liability for Specific. To be very clear, the Indemnification Agreement provided to APC by Specific notes the Omega Superfund Site as pending and/or threatened litigation, which APC is not assuming.
5. Our contacts at Specific are as follows (we do not have their social security numbers):
  - a. Mr. Randy Stein
  - b. Mr. Daniel Stein
  - c. Mr. Ron Stein, (
  - d. Mrs. Judy Stein,

**FX-6: Personal Privacy**

November 8, 2004

6. I completed this information response myself.

If there are any further questions or issues, please contact me at (562) 946-5525.

Regards,

A handwritten signature in black ink, appearing to read "Michael Evans", with a long, sweeping horizontal line extending to the right.

Michael Evans  
President

## INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement" or "Specific Indemnification Agreement") is entered into as of March 4, 2002, by and among Associated Plating Company, Inc. (the "Company") and Specific Plating Company, Inc. ("Specific").

### Recitals

Specific is a party to that certain License Agreement, dated of even date herewith (the "License Agreement"), and certain Ancillary Instruments delivered in connection with the License Agreement, including the Consulting Agreement of even date herewith (the "Consulting Agreement"). The License Agreement provides that Specific will exclusively license certain customer lists and other intellectual property to Company and the Consulting Agreement provides that Specific will provide Company certain consulting services, in exchange for a variety of payments and other consideration to Specific. In addition, Specific is required to make certain representations and warranties to Company in the License Agreement and Ancillary Instruments, and to indemnify the Company for certain expenses, losses and liabilities arising from any breach of the License Agreement or Ancillary Instruments or arising from Specific's business or operations. It is a condition to Company's willingness to enter into the License Agreement and Ancillary Instruments and to pay the consideration contemplated therein that Specific agrees to indemnify, defend and hold Company harmless from any Claims, Expenses and Liabilities (as such terms are defined below).

### Agreement

Now, therefore, in consideration of the foregoing recitals and the mutual promises contained herein, the parties agree as follows:

1. All capitalized terms used in this Agreement without definition shall have the meaning given to such terms in the License Agreement. The following additional terms are defined for purposes of this Agreement:

(a) "Claim" means any suit, dispute, complaint, cross-claim, third party claim, counterclaim, injunction, order, investigation, action, claim, allegation or demand.

(b) "Environmental Laws" means Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq. as in effect on the date hereof ("CERCLA"), the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq. as in effect on the date hereof, and the Resource Conservation and Recovery Act 42 U.S.C. §6901 et seq. as in effect on the date hereof ("RCRA"), the Federal Water Pollution Control Act of 1962, as amended, 33 U.S.C. § 1251 et seq. as in effect on the date hereof; the Clean Air Act of 1970, as amended, 42 U.S.C. § 7401 et seq. as in effect on the date hereof; the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., as in effect on the date hereof; the Safe Drinking Water Act, 42 U.S.C. §§ 300f through 300j, as in effect on the date hereof; the Toxic Substance Control Act, 15 U.S.C. §§ 2601 through 2629, as in effect on the date hereof; the Occupational Safety and Health Act, as amended, 29 U.S.C. § 651 et seq., as in effect on the date hereof; the Emergency Planning and Community Right-to-Know Act, as amended, 42 U.S.C. §§ 11001 to 11050, as in effect on the date hereof; and any other federal, state (including without

limitation California), local or foreign laws, ordinances, codes, rules, and regulations as in effect on the date hereof, and any judicial or administrative interpretations thereof, including any judicial or administrative orders or judgments, relating to the release or the threatened release of hazardous substances health, safety, industrial hygiene, pollution or environmental matters as in effect on the date hereof.

(c) "Expense" means any attorneys' fees and expenses, court costs, arbitrator and other alternative dispute resolution procedure fees, remediation and/or approved clean-up costs and expenses, consultant fees and expenses (including such expenses relating to the investigate or evaluation of any Liability or the defense of any Claim), and any other reasonable fees, costs or expenses.

(d) "Hazardous Material" means (a) asbestos, polychlorinated biphenyls, urea formaldehyde, lead based paint, radon gas, petroleum, oil, solid waste, pollutants and contaminants, and (b) any chemicals, materials, wastes or substances that are defined, regulated, determined or identified as toxic or hazardous in any Environmental Laws, including but not limited to, substances defined as "hazardous substances," "hazardous materials," or "hazardous waste" in CERCLA and RCRA.

(e) "Indemnified Party" means, individually and collectively, the Company, and its directors, officers, agents, representatives, employees, shareholders, partners, members, managers, subsidiaries, and any other affiliates, associate, successor or assign of any of the foregoing.

(f) "Indemnifying Party" means Specific.

(g) "Liability" means any judgment, award, loss, settlement payment, cost, penalty, fine, damage (including any actual, direct, indirect, consequential, lost profits, special exemplary, punitive or multiple damages, regardless of the theory or basis therefor), injury, tax, and any other liability or obligation (whether known or unknown, asserted or unasserted, absolute or contingent and whether due or to become due).

(h) "Specific Site" means any real property (including fixtures on or any improvements to real property), any facility or any personal property presently or formerly directly or indirectly owned, used, occupied, operated leased, or controlled by Specific.

(i) "Third Party Claim" means any Claim asserted by any person or entity not a party to this Agreement.

## 2. Indemnity Obligations.

(a) The Indemnifying Party shall indemnify, hold harmless and defend each Indemnified Party from and against, and reimburse each Indemnified Party for, all Claims, Expenses and Liabilities directly or indirectly relating to or arising out of:

- (i) any breach by Specific of any agreement, representation, warranty or other provision of the License Agreement or any of the Ancillary Instruments (including this Agreement), or by Judith

Stein, Ron Stein or Randy Stein with respect to their obligations in the Consulting Agreement,

- (ii) any Third Party Claim involving allegations which, if true, would mean that Specific breached any provision of the License Agreement or Ancillary Instruments, or that Judith Stein, Ron Stein or Randy Stein breached any provisions of the Consulting Agreement by which they are bound,
- (iii) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharge or release of any Hazardous Material from, any Specific Site,
- (iv) any actual or asserted violation, breach or non-compliance by Specific or any other person or entity directly or indirectly under its control under any Environmental Law, or under any other theory of liability concerning Hazardous Materials,
- (v) the remediation of any Hazardous Material, whether on a Specific Site or off site, whether or not ordered by any governmental authority or court, or
- (vi) the consequences of any other act or omission of Specific for which any Indemnified Party may incur Expenses or Liabilities.

(b) The Indemnifying Party and the Indemnified Parties shall cooperate in all reasonable respects with each other in the event of any Claim. Such cooperation shall include testifying at depositions and trial without subpoena, executing necessary pleadings, interrogatories or production responses, complying with related discovery requests, and acting or serving as named parties in any such legal action or proceeding. All such actions and related Expenses on the part of an Indemnified Party shall be subject to this Agreement.

### 3. Indemnification Procedures.

(a) Any Indemnified Party seeking indemnity or defense hereunder of a Third Party Claim shall promptly notify in writing the Indemnifying Party. The Indemnifying Party will have the right to defend the Indemnified Party against Third Party Claims with counsel of Indemnifying Party's choice, provided:

- (i) the Indemnifying Party notifies the Indemnified Party in writing, within 30 days after the Indemnified Party has given notice of the Third Party Claim, that the Indemnifying Party will indemnify, hold harmless, reimburse and defend the Indemnified Party from and against any Claim, Expense and Liability the Indemnified Party may suffer or incur resulting from, arising out of, relating to, in the nature of, or caused by the Third Party Claim,

- (ii) the Indemnifying Party conducts the defense of the Third Party Claim actively and diligently at their expense, and
- (iii) counsel chosen by the Indemnifying Party has no conflict of interest in representing the Indemnified Party and is otherwise reasonably satisfactory to the Indemnified Party.

(b) So long as the Indemnifying Party is conducting the defense of and indemnifies the Indemnified Party from the Third Party Claim in accordance with this Agreement,

- (i) the Indemnified Parties may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, and
- (ii) the Indemnifying Party may consent to the entry of any reasonable judgment or enter into any reasonable settlement with respect to the Third Party Claim with the prior consent of the Indemnified Parties.

(c) If at any time any of the conditions of paragraph (a) above is not satisfied in the Indemnified Parties' reasonable judgment,

- (i) the Indemnified Parties may defend against (using counsel chosen by the Indemnified Party), and consent to the entry of any reasonable judgment or enter into any reasonable settlement with respect to, the Third Party Claim (provided the Indemnified Parties give the Representative at least 7 days' prior written notice thereof),
- (ii) Indemnifying Party shall promptly and periodically advance (to the fullest extent practicable), or pay upon presentation of invoices, directly to (or at the direction of) the Indemnified Parties the Expenses associated with the Third Party Claim, and
- (iii) the Indemnifying Party will remain responsible and shall promptly pay or discharge any Liabilities and Expenses the Indemnified Parties may incur or suffer resulting from, arising out of, or relating to the Third Party Claim to the fullest extent provided in this Agreement.

4. Other Rights. The indemnification provisions in this Agreement are in addition to, and not in derogation of, any statutory, equitable, or common law right or remedy any Indemnified Party may have.

5. Environmental Matters. Specific represents and warrants to Company that:

(a) neither Specific nor any Affiliate or other partnership or entity with which Specific is or has been involved ("Specific Entity"), nor any Specific Site, is in violation of, or has violated, or will be in violation of, or has been or is in or will be in non-compliance with, any Environmental Laws; and

(b) without in any manner limiting the generality of 5(a) above:

- (i) except both (A) in accordance with Environmental Laws (including, without limitation, the obtaining of necessary permits) and (B) in the ordinary course of business, no Hazardous Materials (as hereinafter defined) have been or will be used, generated, manufactured, stored or treated on, under or about any Specific Site;
- (ii) no Hazardous Materials have been or will be generated, manufactured, stored or treated or disposed of, landfilled or in any other way released (and no release is threatened) on, under, about or from any property adjacent to any Specific Site;
- (iii) no Hazardous Materials have been or will be disposed of, landfilled or in any other way released (and no release is threatened) on, under or about any Specific Site or transported to or from any Specific Site;
- (iv) no Hazardous Materials have been or will be manifested or transported to or from any Specific Site that is listed, proposed for listing or otherwise being considered for listing on the CERCLA National Priorities List or any other comparable state list;
- (v) neither Specific nor any Specific Site is now, nor will be in the future subject to any (i) contingent liability in connection with any release or threatened release of any Hazardous Materials into the environment whether on or off a Specific Site or (ii) reclamation, removal, remedial investigation/feasibility study, or remediation requirements under Environmental Laws or any reporting requirements relating thereto;
- (vi) Specific has not been named, and Specific does not reasonably believe Specific will be named in the future, as a potentially responsible party under, and none of the Specific Sites has been nominated or identified as a facility which is subject to an existing or potential claim under, CERCLA (as hereinafter defined) or comparable Environmental Laws, and none of the Specific Sites is subject to any lien arising under Environmental Laws;
- (vii) Specific owns all environmental and pollution control equipment necessary for compliance with all Environmental Laws (including,

without limitation, all applicable permits) and operation of Specific's business as it is presently conducted;

- (viii) there are no underground storage tanks (as defined under Environmental Laws) located under any Specific Site;
- (ix) Exhibit A sets forth a listing of all of the off-site locations where Hazardous Materials from any Specific Site or from any of the assets of Specific have been stored, treated, recycled, disposed of or released (the "Off-site Locations"). None of the Off-site Locations has been or will be nominated or identified as a facility which is subject to an existing or potential claim under CERCLA or comparable Environmental Laws;
- (x) except as set forth in Exhibit B hereto, Specific has not received any notices of any violation of, noncompliance with, or remedial obligation under, Environmental Laws, relating to the ownership, use, maintenance, operation of, or conduct of business related to, any Specific Site or assets of Specific, nor is there any basis for any of the foregoing;
- (xi) except as set forth in Exhibit C hereto, there are no writs, injunctions, decrees, orders or judgments outstanding, or lawsuits, claims, proceedings or investigations pending or threatened, relating to the ownership, use, maintenance, operation of, or conduct of business related to, any Specific Site or assets of Specific, nor is there any basis for any of the foregoing; and
- (xii) there are no obligations, undertakings or liabilities arising out of or relating to Environmental Laws which Specific has agreed to, assumed or retained, by contract or otherwise.

6. Set Off. Specific hereby consents and authorizes any Indemnified Party to set off and deduct moneys owing to Specific pursuant to the License Agreement or any Ancillary Instrument, or otherwise, in the event of any unpaid liability under or breach of this Agreement, except that (i) any payment designated as a minimum payment in Section 4(a), 4(b) or 4(c) of the License Agreement and (ii) any Consulting Payment is not subject to set off.

7. Miscellaneous.

(a) This Agreement is one of the Ancillary Instruments referred to in the License Agreement and is subject to all the provisions of the License Agreement applicable to such Ancillary Instrument.

(b) This Agreement (i) shall be binding upon and inure to the benefit of the parties and each of the persons within the definition of Indemnified Parties who are not signatories hereto (each of which shall be a third party beneficiary of this Agreement), and their respective successors and assigns; (ii) may not be assigned or delegated by Specific or any

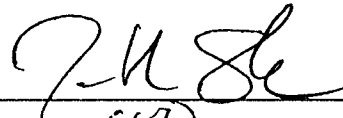


Owner without the written consent of Company which may be withheld in Company's sole discretion; (iii) may be executed (A) by a signature page delivered by facsimile, which shall be deemed an original and fully binding on the person or entity that executed and delivered it, and (B) in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument and shall be binding upon the party executing the same; (iv) shall be governed by the internal laws of the State of California without regard to its conflict of laws provisions; (v) may only be amended or modified by a writing dated after the date hereof and signed by the parties hereto; (vi) shall be construed so that the word "including" means "including without limitation;" and (vii) together with the Recitals set forth above and other documents delivered pursuant hereto, constitutes the full and entire understanding and agreement between the parties with regard to the subject hereof and thereof, and supersedes any prior negotiations, representations or agreements, written or oral, with respect to such subject matter (none of which prior matters shall be binding upon the parties) concerning such subject matter. All notices and other communications hereunder shall be in writing and addressed to the party to be notified at the address set forth in the License Agreement. If any term or provision of this Agreement is held in a final judgment by a court of competent jurisdiction to be invalid, illegal or contrary to public policy, such term or provision shall be modified to the extent necessary to be valid and enforceable and shall be enforced as modified, and the remaining provisions of this Agreement shall not be affected thereby. No waiver of any provision or right of any Indemnified Party will be valid unless in a writing signed by such Indemnified Party (and that waiver will not affect any other provision or conduct). This Agreement is one of the Ancillary Instruments referred to in the License Agreement and is subject to all the provisions of the License Agreement applicable to such Ancillary Instruments.

[The signature page follows.]

This Specific Indemnification Agreement has been agreed to, executed and delivered by the undersigned as of the date first above written.

Associated Plating Company, Inc.

By:   
Its: CEO

Specific Plating Company, Inc.

By:   
Its: COB

[Signature Page to Specific Indemnification Agreement]

# **Indemnification Agreement**

## **Exhibit A**

### **Off Site Locations**

<b>Name and address</b>	<b>Owner or Operator</b>	<b>Material</b>
World Resources Company 8113 West Sherman Street Phoenix, Arizona 85043	Samuel Bellamy	F006
Innovative Waste Utilization 2575 S. 16th Ave. Phoenix, Arizona 85007	Javier Robles	F001
Rho-Chem 425 Isis Ave. Inglewood, CA 90301	Janelle Dye	D001
Gannon & Scott Inc. 2113 E. Sky Harbor Circle So. Phoenix, AZ 85034	Javier Galvez	F007
D/K Environmental 3650 East 26th Street Vernon, CA 90023	Claudia Perez	D002,D007, D008, D011
ADS Gold		

**Indemnification Agreement**  
**Exhibit "B"**

**Notices of Violations**

As disclosed in Due Diligence provided to company and as on record with the Department of Toxics, Cal Osha, LA County Fire Department, SQAMD, County Sanitation, E.P.A. and all other public records

**Indemnification Agreement**  
**Exhibit "C"**

**Pending or threatened Litigation**

1. Omega Super fund Site

## LICENSE AGREEMENT

This License Agreement ("Agreement") is entered into as of March 4, 2002, by and between Associated Plating Company, Inc. (the "Company") and Specific Plating Company, Inc. ("Specific").

### Recitals

Specific is the owner of certain customer lists, vendor lists, customer certifications, and engages in the business of plating, racking, masking, processing and manufacturing operations, and other intellectual property related to such activities. Specific desires to exclusively license such items to the Company and to enter into a Consulting Agreement, Company Indemnification Agreement, Specific Indemnification Agreement and certain additional Ancillary Instruments in connection with such license; and the Company desires to accept such license and grant Specific a subordinated lien on its assets to secure payments due Specific under this Agreement, the Consulting Agreement and the Company Indemnification Agreement.

### Agreement

Now, therefore, in consideration of the foregoing recitals and the mutual promises contained herein, the parties agree as follows:

1. Definitions. The following terms are defined for purposes of this Agreement and certain Ancillary Instruments:

(a) "Affiliate" means any person or entity which, directly or indirectly, controls, is controlled by or is under common control with a party to this Agreement. The term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such party.

(b) "Ancillary Instruments" means any or all of the following: this Agreement, the Consulting Agreement, the Company Indemnification Agreement, the Specific Indemnification Agreement, the Security Agreement and any other agreement or instrument delivered by or on behalf of any one of the parties to the other pursuant to the transactions contemplated by this Agreement or any of such other agreements.

(c) "Business" means Specific's business of engaging in plating, racking, masking, processing and manufacturing operations, and marketing, selling, promoting Products relating to the foregoing and similar activities relating to such business.

(d) "Closing Date" means the opening of business on April 1, 2002.

(e) "knowledge" means the actual knowledge of any of Brooke Fix, Ed Schneiders, Randy Stein, Judith Stein or Ron Stein.

(f) "Improvements" means, individually and collectively, any modifications, variations or revisions of the Proprietary Rights (including obtaining, registering or perfecting any Proprietary Rights with respect thereto) which, during the term of this Agreement: improve any item of the Proprietary Rights, reduce the production or related costs of producing a Product, increase the desirability or performance characteristics of a Product, expand the applications of the item of Proprietary Rights, increase or enhance the marketability or commercial or customer acceptance of a Product, or would if implemented, replace or displace the item of Proprietary Rights. Improvements also includes additional Qualified Customers added to Exhibit A by mutual agreement of the parties hereto.

(g) "Intellectual Property" means any or all of the following items: inventions (whether patentable or unpatentable or reduced to practice); patents and patent applications and all reissues, continuations, continuations-in-part, revisions and any reexamination certificates thereof (if any); trademarks, service marks, logos, trade names; copyrightable works and copyrights; mask works; trade secrets (including research and development, know-how, formulae, manufacturing and production processes, designs, drawings, specifications, and customer and supplier lists, customer certifications and customer approvals (as transferable by the customer), customer relationships, and all other customer information); and all other proprietary rights; and, with respect to each of the foregoing, all licenses, sublicenses, permissions and agreements, and rights thereunder, including items where any Person is a licensee or licensor.

(h) "License Payments" means, collectively, License Payments 1 through 3 inclusive.

(i) "Person" means any individual, any corporation, partnership, limited liability company or any other legal entity, and any governmental body or agency.

(j) "Products" means and includes any good or service which is based on, uses, practices or in any other way involves any item of the Proprietary Rights, and any other product or service sold or available for sale or other disposition by Specific prior to the date of this Agreement.

(k) "Proprietary Rights" means any items of Intellectual Property relating to, used in or having utility with respect to the Business or Products offered by Specific prior to the Closing, including Specific's customers, including Qualified Customers, Improvements, the Specifications, and (to the extent of the Company's rights therein) the name "Specific Plating Company, Inc." (or any portion thereof).

(l) "Qualified Customers" means the list of Specific customers attached hereto as Exhibit A.

(m) "Qualified Sales" means the proceeds (in cash, check, wire transfer or other payment instrument) the Company receives from sales, occurring after the Closing Date, of Products to Qualified Customers for a defined period of time, less any returns, discounts and adjustments.

(n) "Specifications" means, individually and collectively, the raw material, manufacturing, packaging, labeling, quality assurance and finished product specifications and protocols relating to Products and services subject to this Agreement, all of which are set forth on Exhibit B hereto.

(o) "Year" refers to each 12 month period after the Closing Date. For example, "Year 1" refers to the first 12 months after the Closing Date; "Year 3" refers to the period beginning on the 36<sup>th</sup> month through the 48<sup>th</sup> month after the Closing Date.

2. License.

(a) Specific hereby grants to the Company, and the Company hereby accepts from Specific, the exclusive, perpetual, world-wide right and license to:

- i. use and commercialize the Proprietary Rights,
- ii. manufacture, promote, sell or distribute all of the Products which Specific was manufacturing, promoting, selling and/or distributing prior to the Closing to Qualified Customers and others, and all additional Products, additional customers and other Improvements, and
- iii. do all of the foregoing itself or through third parties (including the right to sublicense).

(b) Notwithstanding anything in Section 2(a) above, such right and license granted by Specific to the Company does not include the right to use the "Specific" name to borrow money, incur obligations, hire employees, vendors or others, and shall be limited to the rights set forth in Section 2(a) above.

(c) Notwithstanding anything in this Agreement to the contrary, the Company shall retain all rights given to a licensee under Section 365(n) of the Bankruptcy Code (11 U.S.C. Section 365(n)).

3. Representations, Warranties and Covenants. Specific represents and warrants to, and agrees with, the Company as follows:

(a) This Agreement and each of the Ancillary Instruments is a valid and legally binding obligation of Specific (and Judith Stein, Ron Stein and Randy Stein to the extent provided in the Consulting Agreement), enforceable against it (and them) in accordance with their respective terms. Specific is not a party to any agreement or understanding, oral or written, or subject to any judgment, order, injunction, stipulation or similar restriction of any court or governmental agency which would, in any manner, be inconsistent with or impair the rights granted to the Company in this Agreement or any of the Ancillary Instruments and shall not enter into any such agreement, understanding or stipulation, oral or written, during the term of this Agreement. To Specific's knowledge, no consent or waiver of any third Person is necessary for



Specific to execute and deliver this Agreement and the Ancillary Instruments and to perform all of its obligations hereunder and thereunder.

(b) To Specific's knowledge: Exhibits A, B and C collectively set forth an accurate and complete list and description of all Proprietary Rights; Specific is the sole and exclusive owner of all Proprietary Rights, free and clear of any lien, encumbrance or claim of any third party; Specific has the exclusive right to use and license the patents (if any), trademarks and service marks that are part of the Proprietary Rights in commerce and throughout the world, except to the extent another entity also has the corporate name "Specific Plating;" neither the ownership of the Proprietary Rights by Specific, nor the license and use by the Company of the Proprietary Rights, does or will interfere, infringe, misappropriate or conflict with the Intellectual Property rights, contract or other rights of any known third party; there are no pending or threatened, claims or proceedings either against Specific or relating to the Proprietary Rights that could affect the Proprietary Rights or the license hereunder, and Specific has not received any notice of any claim of infringement or misappropriation relating to the Proprietary Rights; and no third party has interfered with, infringed upon, misappropriated or otherwise come into conflict with the Proprietary Rights.

(c) To Specific's knowledge, Specific has complied, and its use of the Proprietary Rights has complied, in all material respects with all United States federal and state laws and regulations.

(d) To Specific's knowledge: the Specifications and other technical documentation provided to the Company by Specific are free from errors and are complete; the Products it manufactured complied in material respects with its customer's specifications and with any warranties provided by Specific; and such Products were not defective or unfit for their usual and intended uses and purposes as of the time such Products were shipped by Specific to the customer.

(e) Inasmuch as the license above is exclusive, Specific will not (and will not permit any other Person other than the Company to) engage in the Business or practice or use any aspect of the Proprietary Rights. Specific will promptly refer to the Company any request or inquiry received from customer or other third party regarding the Proprietary Rights or Products. Specific will not, directly or indirectly, transfer, sell, convey or otherwise dispose of any interest in the Proprietary Rights to any Person other than the Company.

(f) Specific shall use its reasonable commercial efforts before and after the Closing Date to assist the Company in obtaining (including by transfer from Specific if requested by the Company) the necessary customer approvals, certifications, permits, approvals, licenses (including from governmental agencies and other Persons) so that during the term of this Agreement the Company may (i) process cadmium and (ii) process parts for Qualified Customers.

(g) Specific acknowledges that the Company will have no liability whatsoever for any of Specific's debts, liabilities or obligations, whether arising before or after the date

hereof. Specific shall remain responsible for and shall discharge when due all of its and its Affiliates' liabilities and obligations (whether known or unknown, contingent or liquidated, however arising or incurred); and shall take all actions to cause the Company and the Company's Affiliates not to have any responsibility whatsoever for all such liabilities and obligations.

(h) Specific shall continue its corporate existence during the term of this Agreement (subject to the last sentence hereof) and shall use the License Payments and payments under the Consulting Agreement to discharge its liabilities, debts and obligations to Persons who are not Affiliates of Specific (unless and until all such liabilities, debts and obligations, whether contingent or otherwise, are paid or adequately provided for). Promptly after the Closing Date, Specific shall change its corporate name to a name not confusingly similar to "Specific Plating" as reasonably agreed by the Company. Notwithstanding the foregoing, Specific may dissolve its corporate existence ten years after the date hereof in which case Specific shall convey to the Company (and the Company shall purchase) all Proprietary Rights for \$100 and they shall execute all documents necessary to effect such transfer.

(i) All information and data, whether written or in verbal form, provided to the Company or its representatives by Specific or on behalf of Specific by its representatives or in connection with or in anticipation of entering into the transactions contemplated by this Agreement or the Ancillary Instruments, including information regarding the Proprietary Rights, environmental matters, sales, Sales Employees, customers (including Qualified Customers), accounts receivable, insurance, bad debts, collections and other financial information (the "Due Diligence Materials") do not contain any misstatement of a material fact or omit to state a material fact necessary to make the information in the Due Diligence Materials, in light of the circumstances under which they were made, not misleading. Specific acknowledges that the Company is relying on the Due Diligence Materials in entering into this Agreement and the Ancillary Instruments. Other than the transactions contemplated by this Agreement and the Ancillary Instruments, there has been no material event or development affecting the business, assets, financial condition, revenues, operations or future prospects of Specific except as set forth in written Due Diligence Materials provided to the Company.

4. License Payments. The Company shall pay Specific the following License Payments:

(a) The Company shall pay Specific a royalty of 10% of Qualified Sales received in each Year during Years 1 through 5 (beginning April 1, 2002 and ending March 31, 2007), subject to a minimum payment of \$50,000 for each Year ("License Payment 1").

(b) The Company shall pay Specific a royalty of 6% of Qualified Sales received in each Year during Years 6 and 7 (beginning April 1, 2007 and ending March 31, 2009), subject to a minimum payment of \$30,000 for each Year ("License Payment 2").

(c) The Company shall pay Specific a royalty of 4% of Qualified Sales received in each Year during Years 8 through 10 (beginning April 1, 2009 and ending March 31, 2012), subject to a minimum payment of \$20,000 for each Year ("License Payment 3").

(d) The Company shall pay Specific a royalty of 4% of Qualified Sales the proceeds of which Company receives after March 31, 2012 relating to sales effected between April 1, 2002 through March 31, 2012.

(e) License Payments 1, 2 and 3 shall be payable monthly within 10 business days after the end of each month during a Year, based on Qualified Sales during such prior month. Any License Payment due Specific hereunder may be assigned by Specific upon prior written notice to the Company; provided that no such assignment shall be permitted if it would render Specific unable to discharge its liabilities as contemplated by Section 3(h) above. Following notice of such assignment, the Company shall deliver payment of License Payments to the assignee.

(f) Notwithstanding anything in this Agreement or any Ancillary Instrument to the contrary, any License Payment shall be reduced by the Company by offset and/or deduction pursuant to the Indemnification Agreement, except that (i) any payment designated as a minimum payment in Sections 4(a), 4(b) or 4(c) hercof, and (ii) payments under the Consulting Agreement are not subject to offset.

(g) The Company shall keep and maintain accurate books and records of Qualified Sales. The Company shall provide Specific monthly sales reports to Qualified Customers and other customers of Specific, monthly sales commission reports for Sales Employees and any other reports as agreed to by Specific and the Company, in each case in a format reasonably acceptable to the parties. In addition, the Company shall provide Specific with quarterly unaudited financial statements. Specific shall have the right to audit the Company's books and records of Qualified Sales not more than once in each Year. Such audit shall be at Specific's expense except that if the Year's actual License Payment should have been 5% or more larger, then the Company shall pay the reasonable fees of the audit.

5. Employees. Effective as of the Closing Date, the Company shall hire Brooke Fix and each of Specific's outside sales representatives and inside sales representatives as existing on the date of this Agreement (collectively, the "Sales Employees") as "at will" employees at a compensation structure and on such other terms and conditions as are mutually agreed upon among Specific, such Sales Employee and the Company. The Company and Specific will discuss in good faith the hiring and termination of Sales Employees based on their ongoing effectiveness and the mutual benefit of the Company and Specific; provided, however, that the Company shall retain the ultimate right to hire and terminate any such Sales Employee. The Company shall have the right but not the obligation to hire as employees any Specific employee other than the Sales Employees (the "Hired Employees") in its discretion on such terms and conditions as may be agreed upon between such Hired Employee and the Company. From and after the Closing Date, any Sales Employee and Hired Employee will not be an employee of Specific and will not take direction from Specific. In the event the Company terminates any Sales Employee, Specific shall have the right, but not the obligation, to participate and advise the Company with respect to replacement of the terminated Sales Employee.

6. Customer Service. The Company shall use reasonable commercial efforts to: (i) process work for all Qualified Customers at the same level of priority given to the Company's current customers; (ii) process work for all Qualified Customers at quality and delivery levels similar to those quality and delivery levels provided to Qualified Customers by Specific as of the Closing Date as detailed in Exhibit C; (iii) maintain the quality reputation associated with Specific prior to the Closing Date; (iv) retain work from Qualified Customers; and (v) process work from all customers, including Qualified Customers, at the same level of priority.

7. Matters Regarding Proprietary Rights.

(a) During the term of this Agreement, Specific shall (and shall cause its Affiliates, employees, agents and independent contractors to) maintain the confidentiality of any Confidential Information (as defined in the Consulting Agreement) and the proprietary nature of all Proprietary Rights.

(b) The Company and Specific shall each have the right to develop Improvements. Improvements developed by the Company shall be the exclusive property of the Company, and Improvements developed by Specific shall be the exclusive property of Specific; provided, however, that all Improvements developed by Specific shall be included within the Proprietary Rights subject to the license granted under this Agreement for no additional consideration. Specific shall promptly disclose to the Company all Improvements Specific develops.

(c) The Company shall be responsible (at its own expense and in its discretion) for prosecuting and maintaining all Proprietary Rights, including filing applications for registration with the U.S. Patent and Trademark Office in the United States and elsewhere. All such actions shall be performed in consultation and cooperation with Specific. Such cooperation shall include Specific bringing a claim in its own name if and to the extent requested by the Company, provided the Company reimburses Specific's reasonable expenses incurred and indemnifies Specific for any other liability incurred in connection with such cooperation. Each party shall notify the other promptly after receipt of any notice or claim of infringement of any Proprietary Rights by any third party or after becoming aware that the Proprietary Rights may infringe on the Intellectual Property rights of any third party. The Company shall be entitled to retain any financial recovery in an infringement or other action.

(d) The provisions of this Section 7 shall not in any way qualify or limit the scope of Specific's representations and warranties and indemnification obligations under this Agreement or the Ancillary Instruments.

8. Term/Termination.

(a) This Agreement shall have a term commencing on the date hereof and shall continue indefinitely and shall not terminate by the ending of License Payments or Consulting Payments.

(b) Except as otherwise specifically provided in this Agreement, in the event of a breach or default by either of the parties hereto of any representation or warranty or any other material term or provision of this Agreement on their respective parts to be observed or performed, the party who is not in breach or default shall have the right to give the other party written notice thereof, whereupon the party receiving such notice shall have (i) twenty (20) days to cure or cause the cure of any delinquent License Payments; and (ii) forty-five (45) days to cure or cause the cure of any other breach or default and shall keep the non-curing party currently advised of the curing party's efforts. If such breach or default is not so cured, or if there is any other controversy, dispute or claim between or among any of the parties to this Agreement or any of the Ancillary Instruments, including any relating to or in connection with the interpretation, performance or nonperformance of this Agreement or any Ancillary Instrument, the rights or obligations of the parties hereunder or thereunder, the parties shall notify the other parties thereof in writing, specifying in reasonable detail the nature of the issue and requesting consultation. The parties shall attempt in good faith to resolve their dispute for a period of 20 business days after receipt of the notice. If the matter is not resolved through the foregoing consultation process, then the parties may pursue appropriate remedies in any court having jurisdiction over the parties. During the consultation or litigation process described in this paragraph (b), any License Payments or Consulting Payments due during that period which are not disputed shall be paid to Specific; and that portion of such Payments which are disputed shall be paid into an escrow account maintained at the Company's bank pursuant to that bank's standard form of escrow agreement which shall provide that the funds held in escrow shall not be released without a joint direction signed by the Company and Specific or a court order, that the funds held in escrow shall be invested in a money market account and all interest shall be paid to the party to which the escrowed funds are ultimately delivered.

9. Disclosure. In addition to any confidentiality and non-disclosure provisions in this Agreement and any Ancillary Instruments, neither the Company nor Specific, and none of their respective Affiliates, employees, officers, directors, or representatives will disclose to any Person or to the media (other than internally to their own directors, members, officers, limited partners, shareholders, lenders or their legal, accounting and other professional advisors who have a need to know in connection with the transactions contemplated in this Agreement and the Ancillary Instruments) either the fact that discussions and negotiations have or are taking place concerning this Agreement, the Ancillary Instruments and the transactions contemplated herein or therein, or any of the terms, conditions or other facts hereof or thereof, without the prior written consent of the other party to this Agreement, which consent shall not be withheld where such disclosure is required by applicable law or pursuant to legal process (provided in the event of legal process the party required to disclose gives the other party notice of the intended disclosure and an opportunity to obtain a protective order or similar relief). The Company and Specific shall disclose the transactions herein and in the Ancillary Instruments to their respective employees and customers prior to the Closing in a mutually agreed upon manner. Under no circumstances will Specific or any Person authorized to speak for or represent Specific refer to such transaction as a "merger" with or a "purchase" by the Company or that the Company is the "successor" to Specific (or words or phrases of similar meaning).

10. Miscellaneous.

(a) After the Closing of the transactions contemplated herein and in the Ancillary Instruments, each party will cooperate and use all commercially reasonable efforts (including executing additional documents and taking additional actions) to fully effect the provisions of this Agreement and each Ancillary Instrument.

(b) All notices or other communications required or permitted to be given under this Agreement or under any Ancillary Instrument shall be in writing, and shall be deemed effective and given (i) 15 days after being mailed by certified or registered mail, postage prepaid, return receipt requested, or (ii) upon receipt if delivered by other means (including personal delivery, overnight courier or messenger service, telecopy or ordinary mail), addressed to the party to be notified at the address set forth beneath its signature below (which address may be changed by like notice).

(c) Except as otherwise expressly provided for in Section 4(e) hereof, neither this Agreement, any Ancillary Agreement, nor any rights or obligations hereunder or thereunder may be assigned by either party hereto without the express prior written consent of the non-assigning party; provided, however, that (i) within ten days of any written request by Specific the assignee of the Company shall provide Specific with written confirmation that the assignee agrees to be bound by terms of this Agreement; and (ii) the Company may assign this Agreement and/or any Ancillary Instrument to any Affiliate of the Company or to any person or entity which succeeds to the business of the Company, whether by purchase of stock, merger or other business combination, sale of all or substantially all of the Company's assets or otherwise. This Agreement shall be binding upon and inure to the benefit of the respective successors of the parties and their permitted assigns.

(d) Each Person executing this Agreement and any Ancillary Instrument on behalf of an entity represents and warrants that he or she is duly authorized and empowered to execute such document on behalf of such entity; but other than the forgoing representation, such individual will not (solely as a result of such signature) have any personal liability for the representations or obligations of the entity. None of the provisions of this Agreement or any Ancillary Instrument shall be deemed to have been modified, amended or waived by an act or acquiescence on the part of either party, its agents or employees, except in writing signed by an authorized officer of the waiving party or by duly authorized representatives of both parties in the case of an amendment or modification. The failure of either party to exercise any of the rights, remedies, or elections under this Agreement or any Ancillary Instrument, or otherwise, shall not preclude or prejudice such party from later enforcing or exercising the same or any other rights, remedies or elections it may have under this Agreement, any Ancillary Instrument or otherwise.

(e) If any term or provision of this Agreement or any Ancillary Instrument is held by a court of competent jurisdiction to be invalid, illegal or contrary to public policy, such term or provision shall be modified to the extent necessary to be valid and enforceable and the remaining provisions of this Agreement and any Ancillary Instrument shall not be affected

thereby. Except to the extent specifically provided otherwise, this Agreement and each Ancillary Instrument shall be governed and construed in accordance with the internal laws of the State of California, without regard to its rules of conflict of laws.

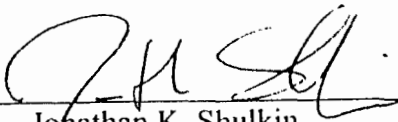
(f) This Agreement (including its recitals), the Ancillary Instruments, and the Exhibits hereto and thereto collectively constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and thereof and supersede any and all prior negotiations, understandings and representations between the parties hereto, oral or written, with respect to the subject matter hereof and thereof; provided, however, that the terms and conditions of the letter of intent between the Company and Specific shall survive until the Closing Date. No party shall be liable or bound by any representation, warranty or agreement not expressly set forth in this Agreement or an Ancillary Instrument. References to "including" shall be construed to mean "including without limitation." This Agreement or any Ancillary Instrument may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) The parties hereto are independent contractors and nothing in this Agreement or any Ancillary Instrument shall be deemed to establish a relationship of principal and agent between the parties, nor any of their respective agents, employees or Affiliates for any purpose whatsoever. This Agreement nor any Ancillary Instrument shall be construed to constitute the parties as partners, or as creating any other form of legal association or arrangement which would impose liability upon one party for the act or failure to act of the other party. Neither party shall, with respect to third parties, act or attempt to act or represent itself directly or indirectly as agent of the other or in any manner assume or create any obligation in the name of or binding upon the other party.

[The signature page follows.]

This License Agreement has been agreed to, executed and delivered by the undersigned as of the date first above written.

Associated Plating Company, Inc..

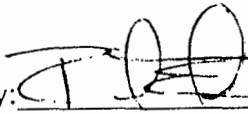
By:   
Jonathan K. Shulkin,  
Executive Officer

Address: 9636 Ann Street  
City: Santa Fe Springs  
State: California  
Zip: 90670  
Phone: 562/946-5525  
Facsimile: 562/946-5922

With a copy to:

Jonathan K. Shulkin  
116 West Illinois Street  
Suite 3 East  
Chicago, IL 60610

Specific Plating Company, Inc.

By:   
Its: C O B

Address: 4 Byron Close  
City: Laguna Niguel  
State: California  
Zip: 92677  
Phone: 949 248-8472  
Facsimile: 949 248-9934